maximum rate of personal income tax and all dividends and capital gains is exempted from tax in the hands of the shareholders. The Tax Force, has accordingly, recommended a corporate tax rate of 30% for domestic companies, being the top marginal rate for personal income tax, and exempt from tax all dividends and long term capital gains from listed equity. This recommendation is subject to the condition that the effective corporate tax liability is equivalent to the statutory corporate tax rate, *i.e.* tax incentives and artificial deductions should be removed and depreciation rates should be brought down.

(c) Yes, Sir.

(d) To encourage the States to tap the full potential of their taxing powers and to prevent laundering of non-agricultural income, the Task Force has recommended that a tax rental agreement should be designed whereby States should pass a resolution under Article 252 of the Constitution authorizing the Central Government to impose income tax on agricultural income. The taxes collected by the Centre would, however, be assigned to the States. Tax from agricultural income for the purposes of allocation between States will be the difference between the tax on total income (including agricultural income) and the tax on total income net of agricultural income. Where a taxpayer derives agricultural income for different States, the revenues attributable to a State will be in the ratio of the income derived from a particular State to the total agricultural income. A separate tax return form should be prescribed for taxpayers deriving income for agriculture.

(e) and (f) Sir, the issues raised by the Hon'ble Member relate to tax policy. At present, when the Budgetary exercise is in process, it will not be possible to respond to the question.

Rajnath Panel on Kelkar Committee Report

660. SHRI GHULAM NABI AZAD:
DR. T. SUBBARAMI REDDY:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Kelkar Committee Report submitted to Government has dispelled any misconception that the middle class would be hit by the Task Force recommendations on tax;

(b) if so, whether on the other hand Kelkar Committee has stated that the tax incidence of various income groups would be much less and not more as claimed in certain quarters;

(c) whether Government have fully considered this and if so, to what extent Raj Nath panel set up by Government to Kelkar report has given final approval to the Kelkar Committees's report; and

(d) what is Government's final decision in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) and (b) Yes, Sir.

(c) and (d) Sir, the issues raised by the Hon'ble Member relate to tax policy. At present, when the Budgetary exercise is in process, it will not be possible to respond to the question.

Separate apex body for UCBs

661. SHRI V.V. RAGHAVAN:
SHRI J. CHITHARANJAN:
SHRI VIJAY J. DARDA:

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether it is a fact that the Joint Parliamentary Committee (JPC) on stock market scam has endorsed the Reserve Bank of India's proposal for setting up a separate apex body to regulate the entire Urban Co-operative Sector; and

(b) if so, the details thereof and the action taken, if any, in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) and (b) Reserve Bank of India (RBI) had submitted a proposal to Central Government for setting up an exclusive apex body for the supervision of urban cooperative banks in view of duality of control prevailing in the cooperative banking sector. The proposal was examined and it was found that without legislative changes in the State Co-operative Societies Acts recommended by Ch. Brahm Perkash Committee, apex